

Comment Opposing the Declaratory Ruling on Cable Modem Service

The rescinding of franchise fee payments on cable modem service revenue will have an extremely deleterious impact on local economies, and local community development. In the Commonwealth of Massachusetts, over 200 municipalities provide the bulk of the franchise fees they collect from cable operator licensees to Public-Educational-Governmental (PEG) access facilities.

Members of the Massachusetts Chapter of the Alliance for Community Media report that between 18% and 28% of the total funding is derived from license or franchise fees collected on cable modem service revenues. Members also report that as this revenue source has grown, along with the growth of high-speed internet services, they have utilized this income to create community training programs in basic Internet use, web site design, electronic publishing, and using multimedia on the web. Many local residents, community-based organizations and businesses have benefited from these community development activities.

Many PEG access facilities were planning on the cable modem portion of the license or franchise fees to upgrade outmoded or unserviceable equipment, and to make the conversion to digital media equipment. Now, many PEG access facilities must eliminate such capital expenditures as a result of the FCC's declaratory ruling which removes cable modem service from being classified as a "Cable Service." As just one example, the facility of which I am the Executive Director will lose approximately \$185,000 in funding for the next fiscal year, as a direct result of the declaratory ruling should it be sustained. \$100,000 of this money was going to be budgeted to be spent on capital improvements. Now, local equipment vendors will lose such purchases from access facilities across the Commonwealth, and communities will lose their ability to modernize facilities and contribute further to community development.

Finally, the ruling renders cable modem service virtually unregulated at any level of government, since local franchise authorities cannot be expected to handle customer service issues for a service that does not pay them for the use of public rights of way.

I believe that the declaratory Ruling on Cable Modem service is harmful to local economies, and that it is contrary to the intent of Congress in the Communications Act.

Respectfully submitted,

Paul D. Berg

Executive Director, *Newton Communications Access Center, Inc.*

President/Chair, *MassAccess*, the Massachusetts Chapter of the Alliance for Community Media
617-965-7200 Extension 17

paulb@newtv.org

paul.berg@worldnet.att.net